Planning Your Family's Wealth

Across Generations

A Multigenerational Guide for High-Net-Worth Families

Executive Summary

There's a pattern among wealthy families. The first generation creates wealth, the second preserves it, and by the third, much of it has often disappeared.

This decline is rarely due to poor investment returns. More often, it results from inadequate planning, specifically, the lack of a coordinated approach that treats tax strategy, legal ownership, effective family communication, and next-generation preparation as a unified system rather than as separate concerns.

Families who successfully transfer wealth across generations view estate planning as more than paperwork. They build a comprehensive framework that blends advanced tax strategies with deliberate family governance, helping your wealth transition with greater harmony and less erosion.

This guide walks through the four pillars of that framework to help you assess your family's current position and identify what to address next.

1

Structuring the Transfer

How and when assets move, and through what legal vehicles

2

Protecting What You've Built

Shielding assets from creditors, disputes, and unnecessary risk

3

Family Governance

Keeping the family aligned on decisions and expectations

4

Next-Generation Preparation

Building the financial literacy and judgment heirs need to steward wealth

The *Four Pillars* of Multigenerational Wealth Planning

EACH PILLAR REINFORCES THE OTHERS.

A well-drafted trust can be ineffective if the next generation isn't prepared to manage its distributions. A strong family governance process has limited impact if the legal framework is outdated. The strongest plans integrate all four pillars into one coordinated system.

Pillar 1: Structuring the Transfer

The mechanics of ***how*** wealth moves matter as much as ***how much*** moves.

Lifetime gifting vs. transfer at death.

Assets can move to the next generation during your lifetime or through your estate. Each approach has distinct tax implications, levels of control, and psychological effects on recipients. Advanced tax planning for family estates typically blends both methods, strategically timed to family needs, business milestones, and changes in tax law.

The role of trusts.

Trusts are the foundation for balancing both control and flexibility. They can stagger distributions based on age or milestones, and help make sure assets are distributed according to your wishes rather than default state law. Creditor and divorce protection, however, depends on the type of trust. A revocable living trust offers no such protection during the grantor's lifetime. By contrast, certain irrevocable trust structures may shield assets from creditors or divorce claims if planned accordingly. Estate planning for blended families relies heavily on trust structures to make sure children from a prior marriage, current spouses, and shared children are all provided for as intended.

Pillar 1: Structuring the Transfer

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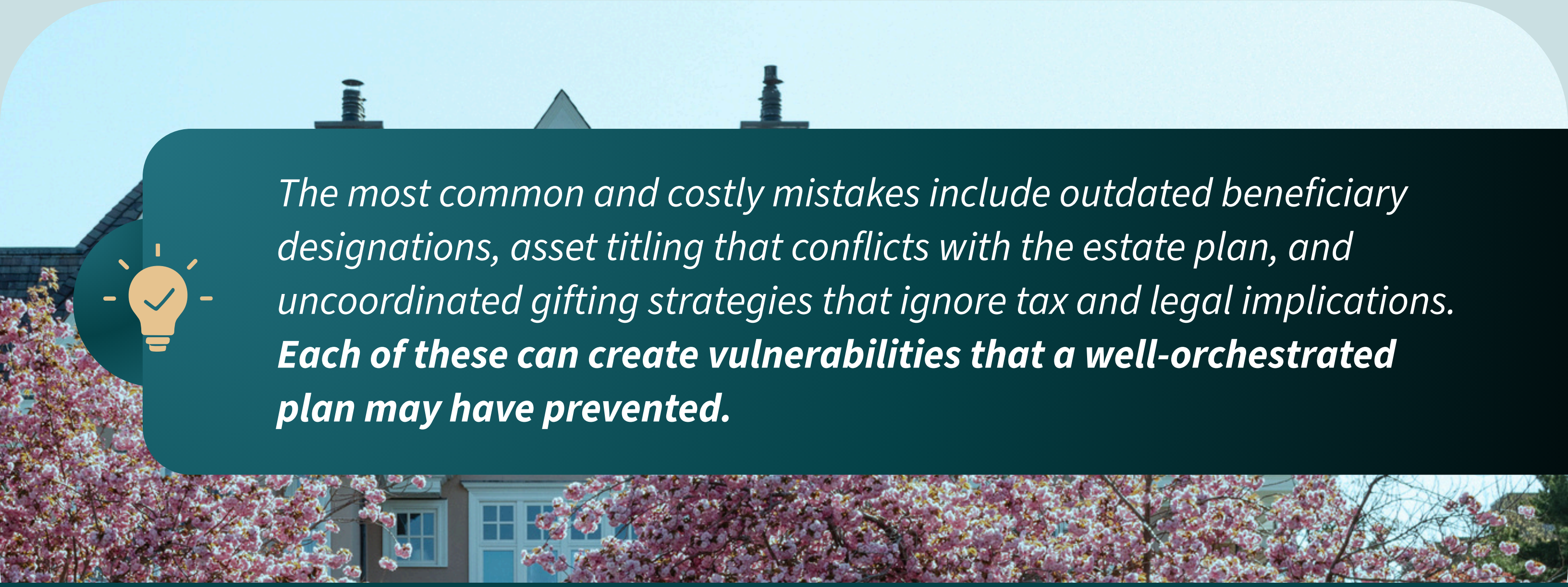
Generation-skipping transfer (GST) tax.

For wealth intended to benefit grandchildren or later generations, transfers can trigger GST tax in addition to gift or estate tax, since "skip persons" (beneficiaries two or more generations below you) face a separate tax regime. Each individual has a lifetime GST exemption, and proper allocation of that exemption allows assets to pass through generations without repeated taxation. Without careful planning, GST tax can significantly erode multigenerational wealth.

Business succession.

When a family business is involved, transferring ownership calls for a dedicated succession plan that addresses leadership transition, control, and liquidity for non-participating family members. Separate, but still coordinated with the general estate plan.



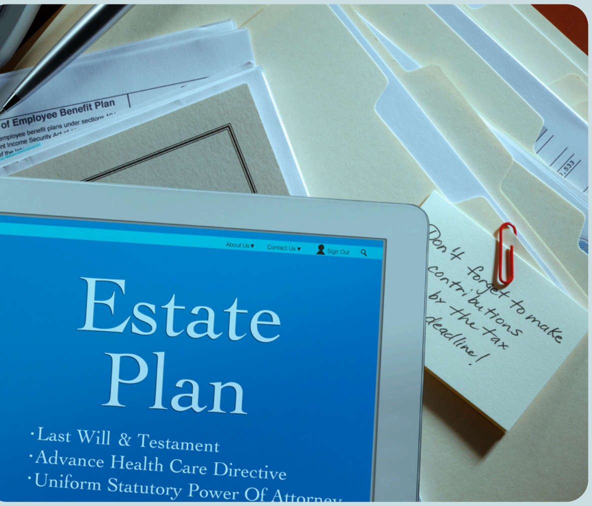
The most common and costly mistakes include outdated beneficiary designations, asset titling that conflicts with the estate plan, and uncoordinated gifting strategies that ignore tax and legal implications. ***Each of these can create vulnerabilities that a well-orchestrated plan may have prevented.***

2 Pillar 2: Protecting What You've Built

Growing wealth and protecting it require ***different strategies***.

Asset protection basics.

High net worth families tend to face elevated exposure to lawsuits, creditor claims, and business liability. Entity structuring, appropriately titled insurance, and certain irrevocable trust structures can create meaningful separation between personal assets and risk, but only when built proactively.



Coordination matters more than any single document.

An estate plan is only as strong as its coordination with how assets are titled and insured. We regularly find wills and trusts that don't match account titling or beneficiary designations. This is a gap that can undo years of planning.

Blended and complex family structures.

Second marriages, stepchildren, and children from multiple relationships raise the stakes on precision. Estate planning for blended families should address who inherits what, when a surviving spouse's interests end and a child's begin, and how to prevent unintentional disinheritance that can occur when older documents aren't updated after a remarriage.

3 Pillar 3: Keeping the Family Aligned

Wealth transitions may ***fail more often*** due to family conflict and miscommunication than due to poor tax strategy.

A family mission statement or constitution.

Many families formalize shared values, decision-making processes, and expectations in a written document. It isn't legally binding, but it gives the family a shared reference point. This is especially useful when disagreements arise about a business, a property, or a charitable commitment.

Family meetings.

Regular, structured conversations can offer family members a forum to discuss plans, ask questions, and raise concerns before they become disputes. These meetings work best with a clear agenda and even a neutral advisor present.

Preventing conflict before it starts.

Most disputes over family wealth arise from a lack of communication. Too often, heirs learn about critical decisions only after a death, without ever hearing the rationale behind them. Thoughtful transparency can be an effective tool for preserving wealth across generations.

4 Pillar 4: Preparing the Next Generation

A well-structured plan still depends on the people who will eventually manage it.

Financial literacy by age.

Preparation should scale with age and readiness. Age-appropriate conversations for younger children, more direct involvement in family financial decisions as heirs reach adulthood.

Gradual involvement.

Bringing the next generation into decision-making incrementally. Observing family meetings, then participating, then eventually leading, builds competence and confidence before they inherit full responsibility.

Balancing transparency with boundaries.

Families don't need to disclose every detail at once. The goal is to give enough information to prepare heirs without creating dependency or removing their motivation to build independently.

Families lacking a coordinated plan often encounter ***probate delays and unwanted public disclosure, family disputes*** *that earlier communication could have prevented, and unnecessary tax exposure that proactive planning could have minimized. These challenges are the default outcome of having no plan or relying on an outdated one.*

Questions To Get Started

Use these questions as an initial self-assessment to evaluate your family's current position:

- **Has your estate plan been reviewed in the last three years, or since a major life event** (*marriage, divorce, birth, business sale*)**?**
- **If you have a family business, is there a written succession plan for ownership and management?**
- **Do your account titling and beneficiary designations match your estate plan's intent?**
- **Have you discussed the broad strokes of your plan with your adult children?**
- **If you have a blended family, does your plan explicitly address every child's and spouse's interests?**
- **Does your family hold any kind of regular meeting to discuss financial matters?**
- **Is there a plan in place to prepare heirs for what they'll eventually receive?**
- **If several of these questions leave you uncertain, it's a strong indication that a coordinated review should be a top priority.**

If several of these questions leave you uncertain, it's a strong indication that a ***coordinated review*** should be a top priority.

About MBE CPAs

MBE CPAs partners with high-net-worth families and family-owned businesses on the tax and estate planning challenges of significant, multigenerational wealth.

Our team's experience spans *advanced tax planning* for family estates, trust and entity structuring, business succession, and *estate planning* for blended families. We approach planning as an ongoing process, as family circumstances and tax law both continue to evolve.

Next Steps

If this guide prompted questions about your family's unique situation, a conversation can be an effective next step. Schedule a discovery call to review your current plan and determine where a deeper assessment may be needed.

Contact MBE CPAs to get started